

Solar Proposal Evaluation Report

Morris County Improvement Authority Morris County Renewable Energy Program, Series 2009A Proposals of October 25, 2013

**Prepared for
Morris County Improvement Authority**

Prepared by:
Morris County Evaluation Team
October 28, 2013

Evaluation Report

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Morris County Improvement Authority Morris County Renewable Energy I Program (County of Morris) Series 2009A

1. Executive Summary

This Report is being provided pursuant to the requirements of the competitive contracting provisions of the Local Public Contracts Law (N.J.S.A. 40A:11-4.1(k)), Public School Contracts Law, specifically N.J.S.A. 18A:18A-4.1(k); Local Finance Board Notice 2008-20, December 3, 2008, *Contracting for Renewable Energy Services* (LFB Notice 2008-20); the New Jersey Board of Public Utilities (the “NJBPU”) protocol for measuring energy savings in PPA agreements (*Public Entity Energy Efficiency and Renewable Energy Cost Savings Guidelines, Dated February 20, 2009*), and Local Finance Board Notice 2009-10, dated June 12, 2009, *Contracting for Renewable Energy Services: Update on Power Purchase Agreements* (LFB Notice 2009-10) (collectively, and together with other applicable law, the “Applicable Procurement Law”).

The Morris County Improvement Authority (the “Authority”) issued a “Request for Proposals for a Short Term Manager/Owner of Photovoltaic Systems with respect to certain Local Government Facilities in the County of Morris, New Jersey” dated October 5, 2013 (the “2013 RFP No. 2”), pursuant to the 2013 RFP No. 2 Resolution (hereinafter defined). This 2013 RFP No. 2 is not to be confused with the “Request for Proposals for a Short Term Manager/Owner of Photovoltaic Systems with respect to certain Local Government Facilities in the County of Morris, New Jersey” dated September 4, 2013 (the “2013 RFP No.1”), authorized pursuant to the 2013 RFP No. 1 Resolution (hereinafter defined), which 2013 RFP No. 1 resulted in a rejection of all bids by the Authority pursuant to the 2013 RFP No. 2 Resolution (hereinafter defined). The 2013 RFP No. 2 was amended and supplemented by an Amendment No. 1 dated October 21, 2013 (“Amendment No. 1”).

The 2013 RFP No. 2 requested pricing for a base scope and deviation pricing as more fully described in Section 2 of this report. The 2013 RFP No. 2 also requested the Successful Respondent (capitalized terms not defined in this Report shall be as defined in the 2013 RFP No. 2) to provide an Insurance Proposal Price for insurance coverage of the systems. The Authority retained the option to accept the Successful Respondent’s Insurance Proposal to the extent such insurance would be more favorable than that previously secured on behalf of Tioga Morris, the existing Project Company.

This process was undertaken in accordance with competitive contracting provisions of the Local Public Contracts Law (N.J.S.A. 40A:11-4.1(k)) and on behalf of the board of education Local Units, the Public Schools Contracts Law (N.J.S.A. 18A:18A-4.1(k)) of the State of New Jersey (the “State”), along with the balance of the Applicable Procurement Law.

To evaluate proposals, the Authority organized an evaluation team (the “Evaluation Team”) comprised of: Stephen Pearlman, Esq., Deborah Verderame, Esq., Annie Collart and Kevin Small of Inglesino, Pearlman, Wyciskala & Taylor, LLC; Matthew Jessup, Esq. of McManimon,

Scotland and Baumann, LLC; Joseph Santaiti of Gabel Associates Inc.; and Jeff Klausner, Andrew De Camara, and David Johnson of Sherwood Partners, LLC (representing Tioga Energy ABC). The Evaluation Team assisted in developing and implementing the 2013 RFP No. 2 and administered the procurement process, as well as a comprehensive evaluation of qualified proposals on the basis of the Evaluation Criteria.

On October 25, 2013, in accordance with the deadline of the 2013 RFP No. 2, the Authority received two (2) proposals (the “Proposals”) from two (2) solar operator Respondents (the “Respondents”): Nautilus Solar (“Nautilus”) and Sustainable Power Group (“SPower”).

The Evaluation Team has undertaken an economic and technical review of the Proposals to evaluate them in accordance with established criteria under Phase II evaluation. The Evaluation Team considered and weighed the following:

- Financial Benefits;
- Respondent Experience;
- Financial strength; and
- Oral Interview.

The 2013 RFP No. 2 reserved the right for the Authority to conduct interviews with qualified Respondents. The Evaluation Team decided to conduct interviews with both Respondents to better understand and clarify certain elements of the Proposals. Based on the results of the Phase II and Phase III evaluation, the Evaluation Team concluded that both Respondents were well qualified; however, pursuant to the scores obtained under the Evaluation Matrix, the Evaluation Team recommends that the proposal of SPower be accepted, and that SPower be designated as the Successful Respondent under the 2013 RFP No. 2 (see **Attachment 1** for the Evaluation Matrix).

Members of the Evaluation Team have significant experience in evaluating proposals from solar developers submitted in response to similarly structured solar renewable energy programs. That experience has been drawn upon in the evaluation of the SPower proposal. The scoring in the Evaluation Matrix (see **Attachment 1**) identifies SPower as a well qualified Respondent. SPower’s proposal scored 100 out of 100 points.

Accordingly, the Evaluation Team recommends that the Authority select SPower as the Successful Respondent.

The evaluation of “price and non-price” factors allowed by law permits and supports this recommendation.

2. Overview of the Morris County I Renewable Energy Program

During 2008 through 2010, the County of Morris, New Jersey (the “County”), through the Authority, embarked on an innovative and cutting edge solar power financing program (the “Program”) to provide the taxpayers of the County with renewably generated electric power at a discounted rate. The goal of the Authority, through this shared services Program, was to implement solar systems for local government facilities that were both environmentally responsible and economically beneficial for the participating local governmental units (the “Local Units”).

Under this Program, the Authority issued taxable bonds to finance the solar Program for a competitively selected private solar developer, which turned out to be Tioga Morris (hereinafter defined). The repayment of the bonds would be supported by the lease payments of the private solar developer and were to have the additional security of the full faith and credit guaranty of the County. This structure would enable the private solar developer to maintain the tax ownership of the investment and provide the solar developer access to the lowest cost of capital available in the public markets, by way of the County’s natural “AAA” credit rating.

The private solar developer was also to take advantage of federal tax benefits (such as the 30% renewable energy investment tax credit and five year accelerated depreciation) and was experienced in monetizing SRECs obtained through the NJBPU’s Renewable Energy Portfolio Standard Program.

The Authority issued a Request for Proposals dated October 30, 2009 (the “2009A RFP”) for a private solar developer that could enter into a Power Purchase Agreement (“PPA”) and Lease Agreement (“Company Lease”) for the design, permit, acquisition, construction, installation, tax ownership, commissioning, operation, and maintenance of solar systems (“Solar Systems”) to be located at 19 Authority Local Units / Local Unit Facilities

On December 21, 2009, the Authority’s professional team issued the Solar Proposal Evaluation Report (“2009A Report”) recommending that the Authority award a contract to Tioga Energy, Inc. (“Tioga”), which created the Project Company, Tioga Morris, to implement the design, acquisition, installation, tax ownership, commissioning, operation and maintenance of Solar Systems to be located at the 19 Local Unit Facilities as outlined below.

1. Boonton Board of Education
 - Boonton High School
 - Parking Lot Facility Boonton High School
 - John Hill School
 - School Street School
2. Morris Hills Regional District Board of Education
 - Morris Hills High School
 - Morris Knolls High School
3. Mountain Lakes Board of Education
 - Mountain Lakes high School
 - Wildwood School
4. Parsippany-Troy Hills Board of Education

- Brooklawn Middle School
- Central Middle School
- Littleton Elementary School
- Troy Hills Elementary School
- 5. West Morris Regional High School District Board of Education
 - West Morris Central High School
 - West Morris Mendham High School
- 6. Morris County Park Commission
 - Mennen Ice Rink #1, 2 and 3
 - Mennen Ice Rink Parking Lot
- 7. Morris County
 - Schuyler Building
 - Schuyler Parking Facility (Canopy)
 - Voter Machine Tech Center

On July 15, 2009, Tioga Solar Morris County 1, LLC, a limited liability company organized and existing under the laws of the State of Delaware, duly authorized to conduct business in the State (including any successors and assigns, the “Project Company” or “Tioga Morris”, and together with the Authority and the Series 2009 Local Units, the “Parties”) was awarded the contract, pursuant to the 2009A RFP, as the solar developer in connection with the 2009A Renewable Energy Program.

Tioga Morris completed its obligations under the PPA and Company Lease, and in accordance with the 2009A RFP technical specifications and Program Documents, designed, permitted, constructed and commissioned systems at the Local Unit sites. The final locations and system sizes are summarized in the chart below, and were added to the Program Documents upon completion of these projects:

Local Unit	Solar Facility	Final System Sizes (kW)
Parsippany - Troy Hills Board of Education	Parsippany Brooklawn MS	173.4
	Parsippany Central MS	185.4
	Parsippany High School	23.9
	Parsippany Troy Hills School	62.8
Boonton Board of Education	Boonton High School - Rooftops	155.5
	John Hill School	9.2
	School St School	50.8
Mountain Lakes Board of Education	Mountain Lakes High School	176.4

Morris Hills Regional School District	Morris Hills High School	80.7
	Morris Knolls High School	38.9
West Morris Regional High School BOE	West Morris Central High School	260.1
	West Morris Mendham High School	189.0
Morris County	Schuyler Building	26.9
	Schuyler Parking Facility	77.7
	Voter Machine Tech Building	101.7
Morris County Parks Commission	Ice Rink #1	92.7
	Ice Rink # 2	155.5
	Ice Rink #3	158.5
	Ice Rink Parking Lots	1,166.1
	Total	1,572.7
Total		3,185.2

On April 30, 2013, Tioga Energy, Inc., the managing member of Tioga Morris made a general assignment for the benefit of creditors (“General Assignment to ABC”) to “Tioga Energy (Assignment for the Benefit of Creditors) LLC” (“Tioga Energy ABC”), including its membership interests in Tioga Morris. Tioga Energy ABC is now looking to assign 100% of its membership interest in Tioga Morris (the “ABC Assignment”) to a to-be-determined private entity (the “New Parent Company”).

The Authority desires to ensure Tranche I of the Program is properly staffed in order to protect the interests of the Parties and provide a short-term remedy in order to maintain the success of Tranche I of the Program until a permanent solution can be achieved and therefore issued the 2013 RFP No. 2 to select a temporary owner and manager (“Short Term Manager/Owner”) on an interim basis (the “Temporary ABC Assignment”) until the selection of a New Parent Company. Implicit in the ABC Assignment is this first step of a Temporary ABC Assignment to the Short Term Manager/Owner.

Prior to issuing the 2013 RFP No. 2, the Authority issued the 2013 RFP No. 1 pursuant to that certain “RESOLUTION AUTHORIZING THE SALE OF TIOGA ENERGY ASSIGNMENT FOR THE BENEFIT OF CREDITORS TO A TO BE DETERMINED NEW PRIVATE DEVELOPER WITH RESPECT TO THE MORRIS COUNTY IMPROVEMENT AUTHORITY’S COUNTY OF MORRIS GUARANTEED RENEWABLE ENERGY PROGRAM LEASE REVENUE BONDS, SERIES 2009A” adopted July 17, 2013 (the “2013 RFP No. 1 Resolution”). As detailed in that certain “RESOLUTION ADVISING TIOGA ENERGY ABC TO REJECT ALL PROPOSALS RECEIVED IN CONNECTION WITH THE REQUEST FOR PROPOSALS FOR A SHORT TERM MANAGER/OWNER OF PHOTOVOLTAIC SYSTEMS WITH RESPECT TO CERTAIN LOCAL GOVERNMENT FACILITIES IN THE COUNTY OF MORRIS, NEW JERSEY” adopted October 2, 2013 (the

“2013 RFP No. 2 Resolution” and together with the RFP No. 1 Resolution, the “2013 RFP Resolutions”), all Proposals submitted in response to the 2013 RFP No. 1 were fatally defective.

The 2013 RFP No. 2 was authorized pursuant to the 2013 RFP No. 2 Resolution. Upon review of this Solar Proposal Evaluation Report and selection of a Successful Respondent, the Authority will recommend to Tioga Energy ABC that they effect the ABC Assignment through the execution of Consent No. 4 (as defined in Section 1.1(c) of the 2013 RFP No. 2). Additionally, Tioga Energy ABC will require the Successful Respondent execute an Asset Purchase Agreement, which, in conjunction with the Consent No. 4, would reflect the assignment of Tioga Energy ABC’s membership interest in and to Tioga Morris to the Short Term Manager/Owner, thereby effectively making the Successful Respondent obligated to staff, service and otherwise support Tioga Morris in carrying out its required obligations under the Prior Program Documents (with the exception of those obligations specifically exempted in Section 1.4(b) of the 2013 RFP No. 2).

NOTE: THE 2013 RFP No. 2 WAS DISTRIBUTED IN ORDER TO SELECT A SHORT TERM MANAGER/OWNER FOR THE 2009A PROGRAM. DURING THE SUCCESSFUL RESPONDENT’S TERM THE AUTHORITY ANTICIPATES ISSUING ANOTHER RFP FOR A NEW PARENT COMPANY TO ASSIGN THE INTERESTS UNDER THE PROGRAM DOCUMENTS FOR THE REMAINDER OF THE TERM OF THE PRIOR PROGRAM DOCUMENTS. THE SUCCESSFUL RESPONDENT SELECTED PURSUANT TO THE 2013 RFP No. 2 WAS REQUIRED TO STATE IN ITS RESPONSE THAT IT ACKNOWLEDGES AND AGREES THAT THE AWARD PURSUANT TO THE 2013 RFP No. 2 IS FOR A SHORT TERM BASIS AS FINALLY SET FORTH BY THE DATE OR PARAMETERS OF THE AUTHORITY’S AWARD TO THE SUCCESSFUL RESPONDENT AND FURTHER THAT IT WILL PROMPTLY ASSIGN ITS RIGHTS OBTAINED UNDER AND PURSUANT TO THE 2013 RFP No. 2 AND ANY AGREEMENT EXECUTED IN CONNECTION THEREWITH (INCLUDING CONSENT NO. 4 AND THE ASSET PURCHASE AGREEMENT) TO THE NEW PARENT COMPANY (WHICH MAY BE AN AFFILIATE OF THE SUCCESSFUL RESPONDENT) WHEN REQUESTED TO DO SO BY THE AUTHORITY. THE SHORT TERM MANAGER/OWNER SHALL NOT BE PRECLUDED FROM BECOMING THE NEW PARENT COMPANY.

Proposals were also required to include the Proposal Price, as defined in Appendix D-A-1 of the 2013 RFP No. 2, which, in the Proposal Price category of Management/Ownership, and Invoicing and Monitoring, was not to exceed \$10,000 per month under (i) the deviation price of the Monthly Proposal Price, as defined in Appendix D-A-1, (ii) the monthly average of the Annual Proposal Price, as defined in Appendix D-A-1, or (iii) the monthly average of any Guaranteed Term Proposal Price, as defined in Appendix D-A-1. During the period of the Temporary ABC Assignment, any deviation in expenditure from the amounts set forth in Appendix D-A-1, which is greater than the lesser of five percent (5%) of the stated amount or \$5,000, must be approved by the Authority in writing.

Each Proposal Price is deemed to be the aggregate of the prices set forth in the following categories, although the Insurance Proposal Price may be included, or excluded, at the Authority’s option:

- (i) management/ownership fee and invoicing and monitoring, which shall be capped at \$10,000 and which shall include (t) monitoring system performance and

optimization, (u) periodic site visits to review system condition, (v) generation of and invoicing to Local Units and following up with Local Units for payment of invoicing, (w) reviewing Power One information and GATS inputs to ensure accuracy, (x) accounting and reporting administration with respect to 1603 Grants and any necessary state, local, or federal filings and recordings, (y) ensuring the operations and maintenance contractor plan, the contract for which was attached as Appendix F of the 2013 RFP No. 2 and the details for which are available in the 2013 RFP No. 2 Dropbox Folder, is completed and documented, and (z) responding to alarms and trouble-shooting events prior to allocation of additional costs for time and material based on operations and maintenance contractor costs,

(ii) cost of insurance coverage on an annual basis, which the Authority shall not be obligated to accept (the “Insurance Proposal Price”), and

(iii) any other costs.

It is important to note that all Respondents were provided with the same information as available for both 2013 RFP No. 1 and 2013 RFP No. 2, and to the Authority’s knowledge, no one Respondent had access to any additional information. The Tioga Energy ABC entity outlined above is the only party with access to all of the Tioga Morris information. The Authority and the Evaluation Team formally requested from Tioga Energy ABC certain information identified by potential Respondents at the Pre-Proposal Submission Meeting held (in connection with 2013 RFP No. 1) on September 12, 2013, and as identified through a series of formal question and answer documents prepared in response to all 2013 RFP No. 1 and 2013 RFP No. 2 questions received from potential Respondents, all of which were provided to the registered Respondent Contact Persons. The Authority presently has no private entity contracts in place for the Solar Systems for these 2009A Local Units, except for the PPA and the Company Lease with Tioga Morris, which is presently operating at reduced staffing levels due to the General Assignment to Tioga Energy ABC. The fact that certain former employees of Tioga Morris are now employed by one or more Respondents did not disqualify those one or more Respondents from submitting Proposals to the 2013 RFP No. 2.

3. Respondent Response to RFP

The Authority received two (2) Proposals in response to the 2013 RFP No. 2 from the following two (2) Respondents:

1. Nautilus
2. SPower

The two (2) Proposals were evaluated under the Evaluation Criteria as set forth in the 2013 RFP No. 2, including Section 4.2.

Key information from the conforming proposals submitted by each Respondent is summarized below.

Nautilus:

Base Price: \$6,313/mo., \$75,756/yr., \$59,024/9mo.

Auditing Cost: \$833/mo., \$10,000/yr. The cost for an external audit would be a “pass through” cost, paid by the funds available to the project company. Nautilus stated at the oral interview that the information provided in connection with the 2013 RFP No. 2 included an audit cost of \$50,000, but that it could do much better, provided Tioga Morris’ records were in good condition. Nautilus estimated that an external audit would cost approximately \$10,000 to \$25,000. Nautilus cautioned, however, that the pricing for auditing could be as high as \$100,000 depending on the condition of records. For purposes of this evaluation we used Nautilus’ “best-case” estimate, \$10,000.

Insurance Price: \$2,917/mo (estimate), \$35,004/yr (estimate), \$26,253/9mo. (estimate)

Total Monthly Cost inclusive of Base Price, monthly insurance and monthly auditing: \$10,063

SPower:

Base Price: \$7,475/mo., \$89,700/yr.

Auditing Cost: included in Base Price. During the oral interview, the Evaluation Team specifically asked SPower if any third-party services would be required, and if so, whether such services would be paid for by the funds available to the project company. SPower affirmatively advised that its Base Price was all inclusive, and that any third-party services would be absorbed by SPower, including the external audit. Following the conclusion of both Respondent oral interviews, the Evaluation Team called SPower to confirm that the external audit was included in the Base Price. SPower confirmed that the audit would be prepared at no additional cost to the project company beyond the monthly Base Price.

Insurance Price: \$2,500/mo. \$30,000/yr (broker quote)

Total Monthly Cost inclusive of Base Price, monthly insurance and monthly auditing: \$9,975

4. Proposal Evaluation Matrix

The evaluation was conducted in accordance with an evaluation matrix (the “Matrix”), which is based on a total potential score of 100. The Matrix is made up of the criteria and corresponding weighting factors indicated below. The criteria are based on the Evaluation Criteria set forth in the 2013 RFP No. 2, and the weighting factors were established prior to the receipt of Proposals, but not disclosed in the 2013 RFP No. 2:

Financial Benefits (60)	Pricing Base Scope (including Insurance and Auditing Costs) Deviation Pricing Material Changes to Program Documents
Respondent Experience (25)	Solar Operator Experience Approach to Meeting Requirements Qualifications of Management/Key Personnel Overall Capability to Perform Services
Financial Strength (10)	Financial Strength of Provider
Oral Interview Evaluation (5)	Presentation and Explanation of Key Factors

5. Financial Benefits Evaluation

Proposals were evaluated and awarded points in the Matrix based on their responses to the following criteria: Pricing Base Scope; Deviation Pricing; and, non-material changes to documents.

a. Pricing Base Scope

The Respondent with the Proposal that provides the greatest economic value, which begins with the lowest price for the base scope of services to be provided, receives the maximum points for this category (40 points). Each other Respondent thereafter receives a proportion of the maximum points based on the differential of the economic value of their Proposal relative to the economic value produced by the Respondent receiving the maximum points in this category. Although the base price is where this analysis begins, the Authority is guided by Section 4.2(a) of the 2013 RFP No. 2, which provides that the Authority should review “any other relevant factors of economic value to the Authority, the County, and/or the Series 2009A Local Units supplied by Respondent in their Proposal”.

The following sets forth the key pricing and economic value provisions of the Respondents’ respective Proposals.

1. SPower:

Base Price: \$7,475/mo., \$89,700/yr.

Auditing Cost: included in Base Price

Insurance Price: \$30,000/yr

Total Monthly Cost inclusive of Base Price, monthly insurance and monthly auditing: \$9,975

2. Nautilus:

Base Price: \$6,313/mo., \$75,756/yr., \$59,024/9mo.

Auditing Cost: \$833/mo., \$10,000/yr.

Insurance Price: \$2,917/mo, \$35,004/yr

Total Monthly Cost inclusive of Base Price, monthly insurance and monthly auditing: \$10,063

The evaluation under this category takes into consideration the total monthly cost inclusive of the Base Price, Auditing cost, and Insurance cost. SPower’s monthly fee of \$9,975 was the most competitive, and as such, SPower received the maximum points allotted, 40 points. Nautilus’ monthly fee of \$10,063 received 39.65 points, which was determined based on its pricing as a proportion of the low bid price. As indicated in Section 3 hereof, the Evaluation Team included an auditing cost of \$10,000 in Nautilus’ pricing. The \$10,000 figure is Nautilus’ estimate of the least expensive cost for performing an audit. Accordingly, in the event the auditing cost is higher, the pricing differential between Nautilus and SPower would be even greater and Nautilus’ scoring in this category would be further reduced. The Evaluation Team is aware that given the short-term nature of the Company Services to be provided under the 2013 RFP No. 2 there is a chance that an audit will not be required. However, the Evaluation Team believes that it is more likely than not that the Successful Respondent will be required to perform an audit

during the period of time that it is providing the Company Services. Therefore, the Evaluation Team believes that it is appropriate to factor in the estimated Auditing costs.

b. Deviation Pricing

The 2013 RFP No. 2 also asked the Respondents to provide Deviation Pricing. The Authority understands that the services required to manage the Solar Systems may not always be the same every month. Thus, the Deviation Pricing is intended to allow the Respondent to account for atypical services that could be provided, should the need arise. Therefore, while not necessarily a “pre-approval” mechanism, the Deviation Pricing is intended to provide flexibility in the Respondent’s Proposal Price given the variable nature of the services provided. The maximum number of points for this category is 15 points.

Nautilus did not include any deviation pricing in its response; however, Nautilus did state at the oral interview that external auditing costs would range from \$10,000 to \$100,000, as discussed in Sections 3 and 5 hereof. The Evaluation Team elected to include the lowest estimated auditing cost (\$10,000) as the basis for comparison under the Pricing Base Scope category, as indicated in Section 5(a) hereof. Accordingly, because the additional cost of the audit is already reflected in the Pricing Base Scope category, Nautilus received the maximum number of points for this category.

SPower included all costs in its base price and provided no deviation pricing. SPower confirmed at the oral interview that no additional costs would be charged and the monthly fee covered all Company Services. SPower also indicated that it would absorb any additional unforeseen costs. SPower was awarded the maximum points for this category.

c. Non-Material Changes to Program Documents

Nautilus and SPower proposed no changes to the Program Documents, Consent No. 4 or the Asset Purchase Agreement and received the maximum number of points in this section of the Matrix.

6. Respondent Experience

The evaluation of Respondent experience has several elements including: solar operator experience, approach to meeting requirements, qualifications of management personnel/key staff, and overall capability to perform services. Below is a summary of each Respondent's Proposal.

a. Solar Operator Experience

Nautilus and SPower each exemplified significant solar operator experience. They all have numerous systems currently in operation and under management for a significant period of time. SPower, which formed in 2011, is a newer company. However, SPower purchased all of Tioga Energy's lease buyback projects (not including this Program, and that in other counties of the State), along with hiring significant personnel from Tioga Energy. The Authority knows of no reason to believe that any transition of the management and monitoring infrastructure from the present skeletal staff of Tioga Morris (including the existing O and M contract with Lubeck) to either of the Respondents would be anything but seamless. Therefore, both Respondents were awarded the maximum points for this category.

b. Approach to Meeting Requirements

During the oral interviews each Respondent clearly outlined its firm's approach to meeting the requirements of the 2013 RFP No. 2. As such, the maximum number of points for this section in the Matrix was awarded to each Respondent.

Nautilus did a good job during the oral interview of answering key questions, including addressing questions raised about recent press articles related to the potential sale of the company. While Nautilus has never undertaken work pursuant to this type of county-wide structure, it has been involved in previous procurements for similar work and understands the structure.

SPower provided information on the tools and resources it would utilize to meet the requirements of the 2013 RFP No. 2 and was also very impressive during the oral interviews. SPower provided a detailed explanation of the process it follows to insure the optimization of its sites. SPower has local personnel and also has contracts with the Swinerton Group and Huen Electric to support its efforts nationally. In addition, SPower noted that it would have key personnel on the ground in the State to handle certain services requiring a local presence (e.g., Solar System emergencies) provided by Tioga Morris.

c. Qualifications of Management and Key Staff

Nautilus and SPower each included key staff members with significant qualifications and experience.

Nautilus stated that the key personnel would be Marina Shapiro, VP of Finance on the transactional side, and David Velasco, Director of Operations, on the operation and maintenance side. Both Ms. Shapiro and Mr. Velasco were very knowledgeable and have significant experience in the solar field. In addition, Laura Stern and Jim Rice, principals of Nautilus, have been very active in the solar market for many years and bring strong experience to the team.

SPower indicated in its response that the key management team would consist of Randall Corey, Vice President of Operations, and Sonall Aulakh, Controller. SPower also represented that Rob Adams, Director of Project Management, who is charged with the operation of more than 100 solar systems owned by SPower from Connecticut to Hawaii, and Adam Schumaker, with over 6 years of solar experience, would be active members of the Tioga Morris team.

Both Respondents were awarded the maximum points for this category.

d. Overall Capability to Perform the Services

During the oral interviews Nautilus and SPower were able to clearly describe their overall experience and capabilities to optimize the operations of the systems and perform the services required in the 2013 RFP No. 2.

Nautilus' RFP response provided a detailed description of its experience and various qualifications to perform the services required including everything from asset management through SREC management. During the oral interview they also discussed their in-house capabilities and the experience obtained by successfully operating within the solar market for over seven-years. Nautilus did a good job of discussing its capabilities to perform the services required by the 2013 RFP No. 2.

SPower provided in its response information on SPower's asset management tools, which included a proprietary database tool used to manage and monitor all sites and optimize performance, as well as streamline invoicing. SPower also did an excellent job of describing its overall capabilities to perform the various services required under the 2013 RFP No. 2 and as part of this type of program.

Nautilus and SPower received the maximum number of points in this section of the evaluation.

7. Financial Strength

Both SPower and Nautilus included financial statements in their respective Proposals. We note, however, that Nautilus did not include any current fiscal year-to-date statements as required under Section 3.1(b)(ii) of the 2013 RFP No. 2. Nonetheless, and without reaching the issue of whether this constituted a waivable defect, the Evaluation Team considered the substance of Nautilus' Proposal relating to its financial condition. The following is a short summary of the financial strength of each Respondent based on the information provided.

a. Financial Strength of Respondent

Below is a description of the financial strength of the Respondents. The Respondents received the maximum amount of points for this section.

Nautilus provided audited financials for 2011 and 2012. The 2012 statements reflect significant assets and comprehensive income to Nautilus. In addition, Starwood Energy Group Global, LLC owns a majority stake in Nautilus. Nautilus confirmed that Starwood is considering selling all, or a portion of, its stake in Nautilus. However, Nautilus maintains that such a sale will not adversely impact the firm or its abilities to provide the Company Services required under the 2013 RFP No. 2. Nautilus did not provide details regarding a line of credit in its Proposal; it confirmed during its interview that it had sufficient resources not to warrant a line of credit.

SPower provided audited financials for 2012, as well as current unaudited financials through September. The financial statements reflect significant assets and sufficient member capital and cash, as well as, a \$10 million line of credit available through JP Morgan.

8. Phase III Evaluation

The 2013 RFP No. 2 reserved the right for the Authority to conduct interviews with qualified Respondents. The Evaluation Team decided to conduct interviews with each Respondent to obtain greater clarity on the Proposals.

Nautilus and SPower did an excellent job during their respective presentations and were able to explain all key issues as well as demonstrate an understanding of financial matters. Both Respondents received the maximum number of points for this criterion of the Evaluation Matrix.

9. Recommendation – Successful Respondent

In recommending a Successful Respondent, the Evaluation Team uses the Matrix to rank the Respondents.

The SPower team possesses high quality management, operator capabilities, and sound solar experience. Additionally, SPower provides the greatest value in its Proposal Price.

The overall Matrix scoring identified SPower as the Respondent with the highest overall ranking. Based on the above discussions, the Matrix indicates that SPower's proposal scored 100 out of a total of 100 points. The proposal scoring is shown in **Attachment 1**.

Accordingly, the Evaluation Team recommends that the Authority select SPower as the Successful Respondent. The evaluation of "price and non-price" factors allowed by law permits and supports this recommendation.

Attachment 1

Evaluation Matrix

Attachment Morris County Solar I Proposal Evaluation Matrix

Phase I - RFP Requirements Checklist
Phase II - Proposal Evaluation
Phase III - Short List Evaluation

Phase II				
Category	Evaluation Factor	WEIGHTING	Nautilus Solar	Spower
Financial Benefits (60)	Pricing Base Scope	40	39.65	40
	Deviation Pricing	15	15	15
	Material Changes to Program Documents	5	5	5
Respondent Experience (25)	Solar Operator Experience	10	10	10
	Approach to meeting Requirements	5	5	5
	Qualifications of Management Personnel/Key Staff	5	5	5
	Overall Capability to Perform Services	5	5	5
Financial Strength (10)	Financial Capability / Strength of Provider	10	10	10
TOTAL PHASE II		95	95	95

ALL Respondents that submit complete Proposals will be required to take part in an interview that will be scored on a 5 point basis

Phase III				
Category	Evaluation Factor		Nautilus Solar	Spower
Oral Interview Evaluation (5)	Presentation	5	5	5
TOTAL PHASE III		5	5	5

Overall Evaluation				
TOTAL PHASE II and III		100	99.65	100